



Madera County GSA Voluntary Land Repurposing Program

Stakeholder Workshop #2
October 26, 2022


Agenda

1. Introductions and GSP implementation
2. Land repurposing program development overview
3. Feedback from workshop #1
4. Initial program development
5. Example for how to develop a bid for the land repurposing program
6. Reverse auction bidding
 - Demonstration
 - Interactive exercise
7. Next Steps



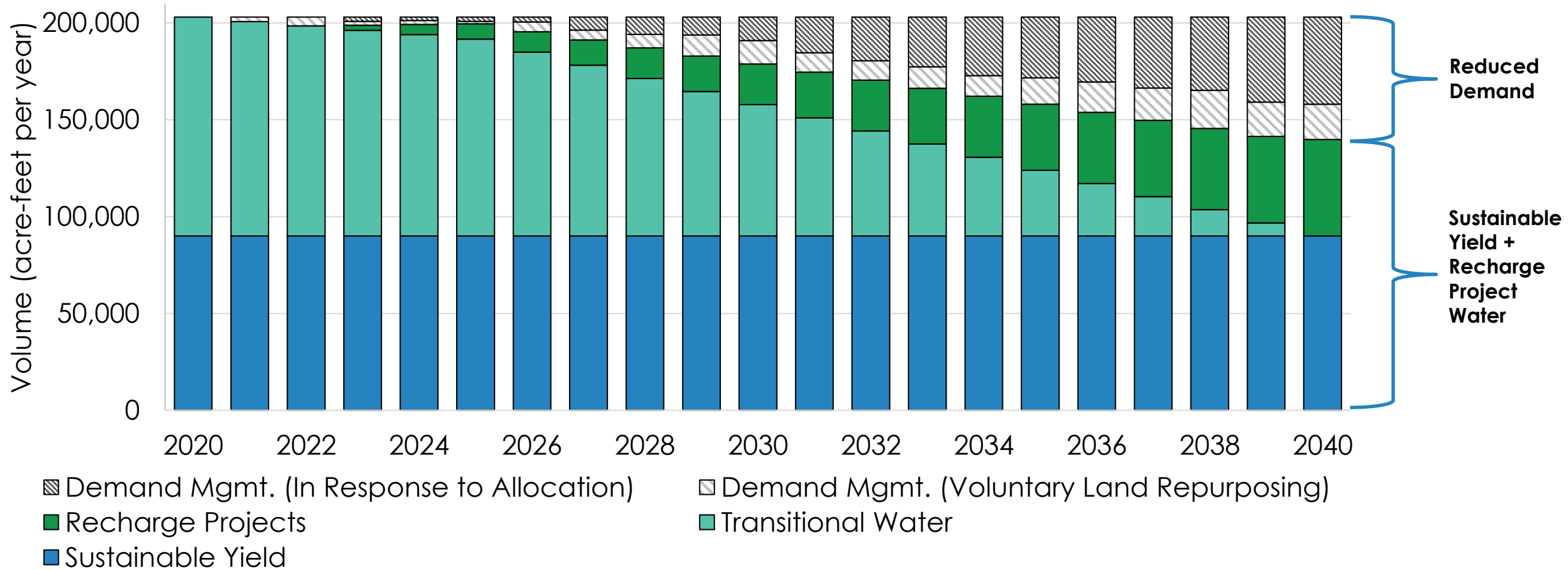
Introduction and GSP Implementation

Madera County GSA Projects Summary

- Supply augmentation
 - Recharge (basins, flood-MAR, in-lieu)
 - Other supplies and transfers
- Demand management
 - Allocation
 - Allocation + potential water market
 - Land repurposing 
 - Multi-benefit land repurposing

GSP Implementation Example

Madera Subbasin, Madera County GSA





Land Repurposing Program Development Overview

Why Land Repurposing?

- GSP implementation includes phased demand management
 - The Sustainable Yield and Transitional Water allocation is managed across the Farm Unit
 - Transitional Water decreases over time
- Land repurposing (previously called SALC) is a voluntary program that provides an additional option, and flexibility, for managing an allocation within a Farm Unit
 - This program would provide incentives to not irrigate lands
 - The (future) multi-benefit land repurposing program may include incentives to repurpose lands to specific uses

Land Repurposing Program

Eligibility

- What lands can contract with the program?
- How does this affect other programs?

Monitoring

- Verify compliance
- Tracking water use and allocations to Farm Units
- Other monitoring

Contracting Process

- Length of contract?
- Consistency with multi-benefit options
- Timeline for issuing incentive payments

Incentive Structure

- How are bids offered/received for the program?
- Process for bid submission, review, and selection

Land Management

- How are repurposed lands managed?
- Weed management, other cultural practices?

Other Contract Provisions

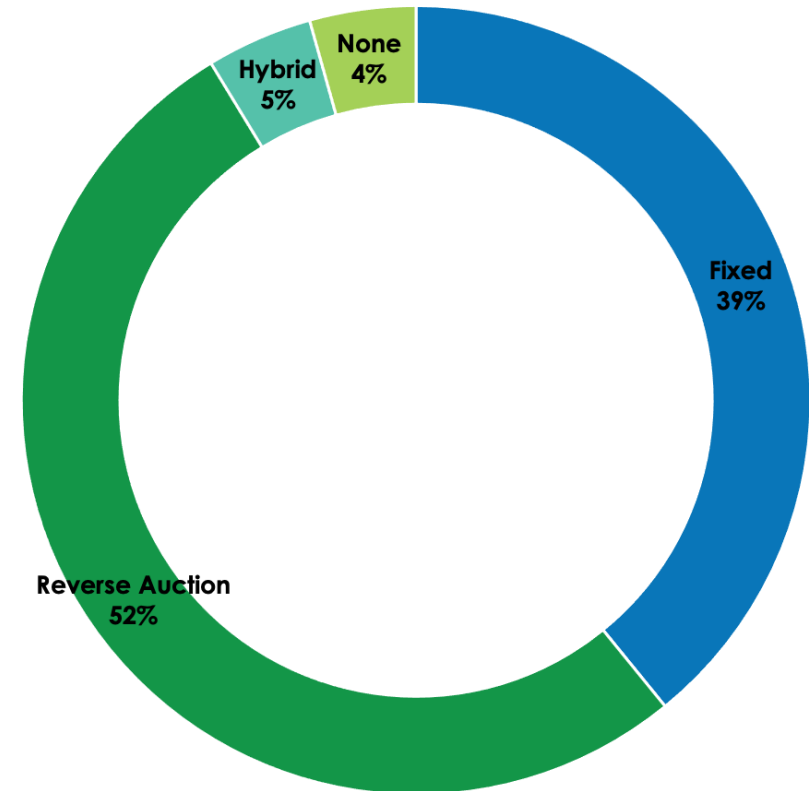
- Landowner/tenant considerations
- Termination provisions
- Title restrictions



Workshop #1 Feedback

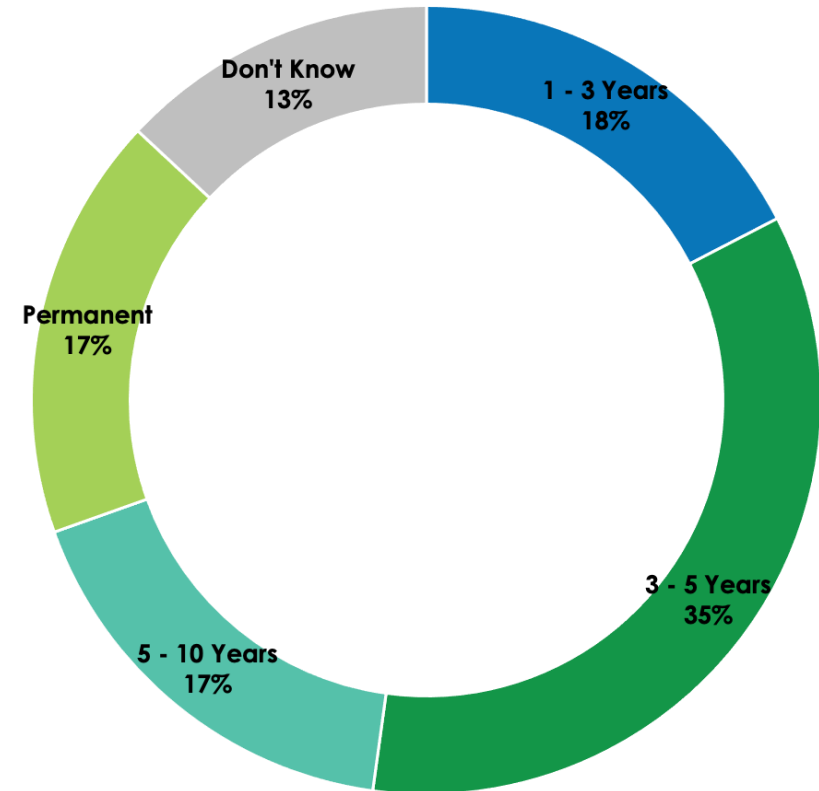
Incentive Payment Options

- 25 survey responses
 - 21 electronic
 - 4 written
- A majority of respondents favor the reverse auction approach
 - Minimizes program costs, paid by GSP Fee
 - Affords growers flexibility to offer bids that reflect unique operation/field-specific costs
 - Some concerns about fairness



Contract Duration Options

- Contract duration affects:
 - Flexibility for the landowner/grower
 - The cost of acquiring water
 - Administrative costs for the GSA
- Over half of respondents favor short- to medium-term contracts (less than 5 years)



Land Management Options

- Respondents identified several land management considerations:
 - Weed control
 - Dust control and air quality
 - Multi-benefit opportunities such as recharge
 - Desire for dryland farming, cattle grazing
- Land management would be responsibility of landowner/grower



Land Repurposing Program Development

Eligibility

Eligibility	Monitoring	Contracting
Incentive Structure	Land Management	Other Contract Provisions

- Lands must be:
 - Fully located in the Madera County GSA portions of the Delta Mendota or Madera Subbasins
 - Enrolled Acres (subject to GSP Fee)
 - Have been previously irrigated (Never-Irrigated fields are ineligible)
 - Not delinquent on local, County, or State property taxes or fees
- Participants must:
 - Be compliant with all Madera County GSA rules and regulations
 - Not be assessed a penalty for using more than the allocation

Incentive Structure

Eligibility	Monitoring	Contracting
Incentive Structure	Land Management	Other Contract Provisions

- Applicants submit a bid with the following information:
 - Parcel-Field ID
 - Total acres
 - Price per acre
- Reverse auction
 - The GSA will rank applications by cost (price per acre), from low to high, and select the most competitive offers
 - Selected applicants (participants) receive the price they submitted on their application

Monitoring

Eligibility	Monitoring	Contracting
Incentive Structure	Land Management	Other Contract Provisions

- Repurposed lands:
 - May not irrigate on any portion of the Parcel-Field ID
 - Are subject to land management requirements and other land repurposing program contractual obligations
- Verification of compliance will be conducted through a combination of GSA water tracking software, GSA staff time and site visits, and other reports

Land Management

Eligibility	Monitoring	Contracting
Incentive Structure	Land Management	Other Contract Provisions

- Land must be managed to prevent and mitigate:
 - Dust
 - Weeds
 - Erosion
- Participant is responsible for the performance and cost of the land management requirements

Contracting

Eligibility	Monitoring	Contracting
Incentive Structure	Land Management	Other Contract Provisions

- Applicants can submit a bid with a duration between 1 – 5 years
 - Achieves stakeholder desire for shorter-term and flexible contracts
 - Multi-year contracts reduce administration costs
- Payments issued ahead of property tax deadlines
 - First installment: February 1
 - Second installment: November 1, pending verification of compliance and contract performance

Proposed Timeline

Eligibility	Monitoring	Contracting
Incentive Structure	Land Management	Other Contract Provisions

Standard Period	Activity	2022/23* Period
Oct. 1 – Oct. 31	Applications open	December
Nov. 1 – Dec. 31	Selection and contract execution	January
Jan. 1	Allocation period begins	Jan. 1
Mar. 1	First installment of incentive payment	March
Nov. 1	Pending verification, second installment of incentive payment	Nov.

* 2022 DRAFT schedule is adjusted to account for program development time

Other Provisions

Eligibility	Monitoring	Contracting
Incentive Structure	Land Management	Other Contract Provisions

- If different, both landowner and tenant will need to:
 - Sign the Land Repurposing Application
 - Execute the Land Repurposing Agreement (contract)
- If the participant terminates the contract early or is deemed non-compliant, they will:
 - Forfeit the remaining incentive payment
 - Pay a penalty



Example Process to Develop a Bid

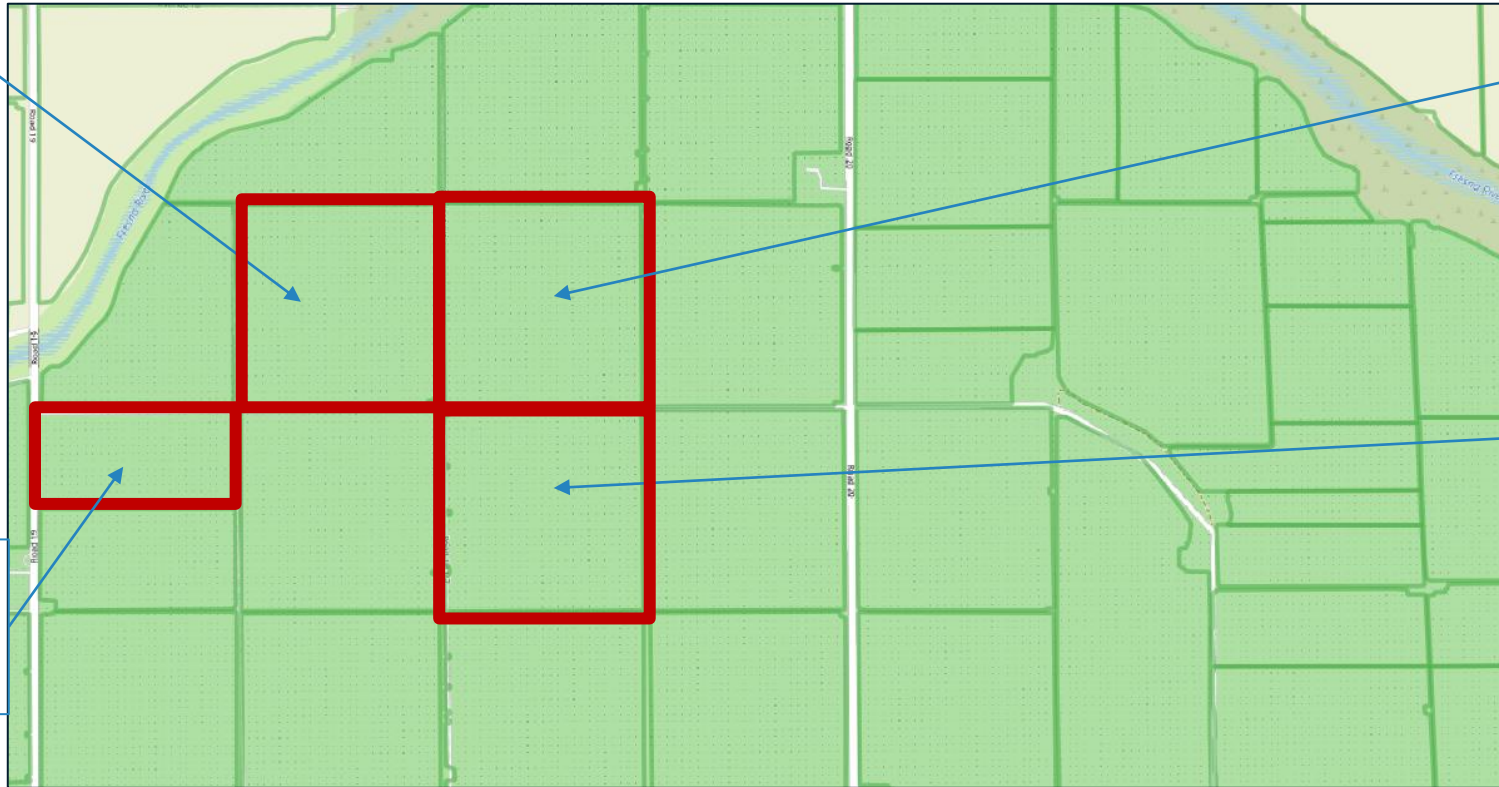
Example Farm Unit: AAAA Workshop

Almonds
40 acres
Planted: 2002

Almonds
40 acres
Planted: 2015

Proc. Tomatoes
40 acres
Row crop rotation

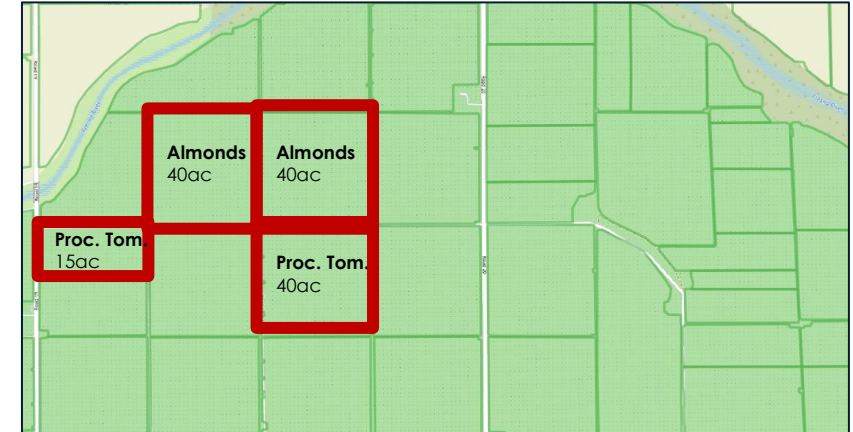
Proc. Tomatoes
15 acres
Row crop rotation



Example Farm Unit: AAAA Workshop

What is the 2023 water allocation for the Farm Unit?

Assume: 2.3 AF per Enrolled Acre
 Enrolled Acres: 40+40+40+15 = 135 Enrolled Acres
 Total Farm Unit allocation: 2.3*135 = **311 AF**



How much water do the planned crops need?

Field #	Crop	Acres	ETAW	Total ETAW
1	Almonds	40	2.7	108
2	Almonds	40	2.7	108
3	Proc. Tom	40	2.4	96
4	Proc. Tom	15	2.4	36

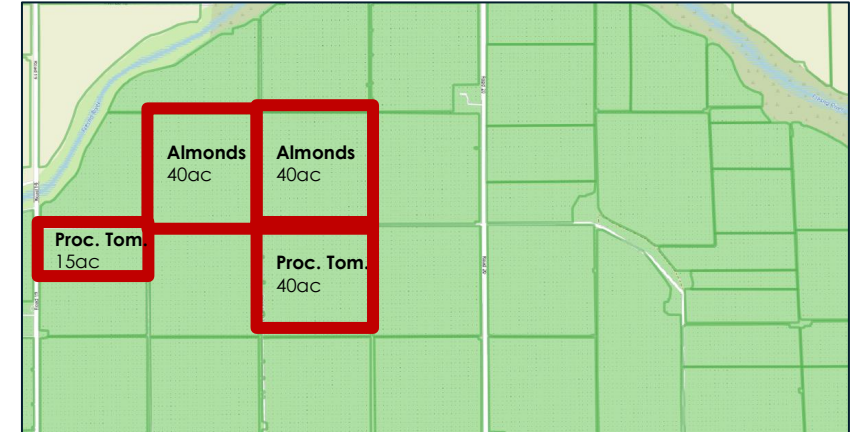
348 AF

Needed: 348 AF
 Available: 311 AF
Difference: 37 AF

Example Farm Unit: AAAA Workshop

How can the shortfall of 37 AF be made up?

1. Plant fewer acres in the Farm Unit
2. Offer some land to the land repurposing program



What return is the water generating?

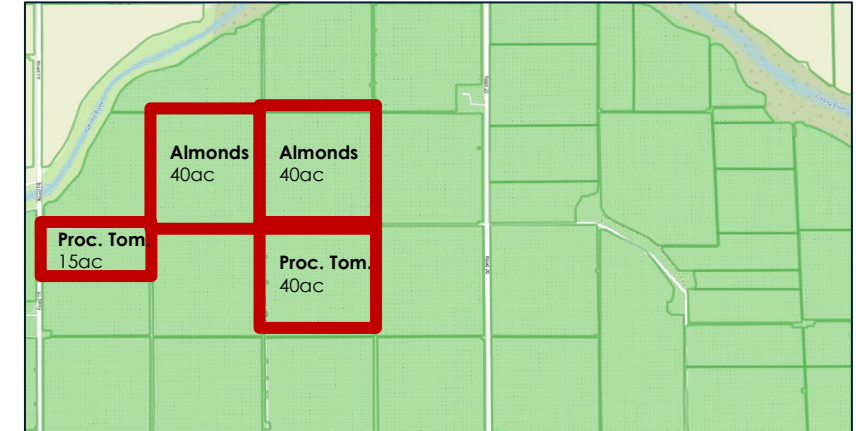
Field 4	Proc. Tomatoes (15 ac) Per acre
Yield	42 tons/ac
Price	\$105/ton
Gross Return	\$4,410
Operating Costs	\$3,900
GSP Fee	\$246
Other Taxes	\$30
Net Return	<u>\$234</u>

Field 3	Proc. Tomatoes (40 ac) Per acre
Yield	49 tons/ac
Price	\$105/ton
Gross Return	\$5,145
Operating Costs	\$4,475
GSP Fee	\$246
Other Taxes	\$30
Net Return	<u>\$394</u>

Example Farm Unit: AAAA Workshop

Repeat this calculation for all fields

Field #	Crop	Acres	ETAW	Total ETAW	Net \$/acre
1	Almonds	40	2.7	108	\$624
2	Almonds	40	2.7	108	\$1,979
3	Proc. Tom	40	2.4	96	\$394
4	Proc. Tom	15	2.4	36	\$234



Field 4 generates the lowest return

- Option 1: Idle that field and use the water on the other fields
- Option 2: Prepare a bid for the land repurposing program

We can make \$394/ac on Field 3

Offer bid above: e.g., \$425 per acre on 15 acres

Assume we also offer an aspirational bid of \$720/ac to pull the older orchard

Now you try!

- Using the link in the chat, send in your offer
 - This is for demonstration purposes only! This is not a real or binding auction or application.
- We will see if your offer is accepted in our demonstration exercise

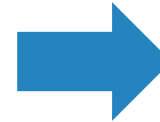


Demonstration: Reverse Auction

Example Reverse Auction

- Note: this is a hypothetical example for discussion purposes

Example Field



Landowner Name	ParcelField ID	ParcelField Acres	Bid (\$/acre)
ZZZ Agriculture	33	5	\$357.00
LLL Agriculture	25	80	\$361.00
AAA Farms	14	100	\$363.00
LLL Agriculture	7	100	\$377.00
NNN Agriculture	29	27	\$384.00
WWW Agriculture	65	160	\$397.00
QQQ Agriculture	18	27	\$402.00
LLL Agriculture	26	27	\$403.00
CCC Agriculture	21	100	\$413.00
XYX Dairy	41	100	\$413.00
AAA Workshop	61	15	\$425.00
BBB Farming	23	120	\$433.00
LLL Agriculture	37	100	\$434.00
BBB Farming	56	160	\$449.00
WWW Agriculture	57	120	\$455.00
BBB Farming	51	40	\$455.00
LLL Agriculture	30	100	\$460.00
NNN Agriculture	2	160	\$462.00
CCC Agriculture	69	80	\$477.00
NNN Agriculture	60	100	\$478.00
WWW Agriculture	35	120	\$481.00
ZZZ Agriculture	8	160	\$491.00
CCC Agriculture	22	100	\$491.00
XYX Dairy	20	27	\$502.00
QQQ Agriculture	47	100	\$506.00
ZZZ Agriculture	54	100	\$515.00
WWW Agriculture	38	40	\$533.00
CCC Agriculture	43	120	\$537.00
AAA Farms	4	40	\$544.00
WWW Agriculture	32	120	\$547.00
LLL Agriculture	36	160	\$549.00
QQQ Agriculture	55	120	\$551.00
XYX Dairy	62	120	\$565.00
WWW Agriculture	67	5	\$569.00
AAA Farms	10	80	\$577.00
ZZZ Agriculture	15	27	\$580.00
WWW Agriculture	53	100	\$585.00
XYX Dairy	40	5	\$591.00

- Applicants submit competitive offers (\$/acre)
- Offers are ranked from low to high, accepting offers in order

Example Reverse Auction

- Note: this is a hypothetical example for discussion purposes

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LLL Agriculture	26	27	\$403.00
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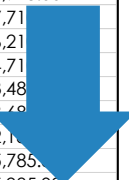
- Applicants submit competitive offers (\$/acre)
- Offers are ranked from low to high, accepting offers in order

Example Reverse Auction

- Prices can be executed in two ways:
 - **Standard Reverse Auction:** Pay each participant the price submitted on their applications (multiple prices, lowest total cost)
 - **Modified Reverse Auction:** Pay all participants the price of the maximum accepted offer (single price, higher total cost)

Example Reverse Auction

Landowner Name	ParcelField ID	ParcelField Acres	Bid (\$/acre)	Total Acres Contracted	Standard	Modified
ZZZ Agriculture	33	5	\$357.00	5	\$1,785.00	\$2,925.00
LLL Agriculture	25	80	\$361.00	85	\$30,665.00	\$49,725.00
AAA Farms	14	100	\$363.00	185	\$66,965.00	\$108,225.00
LLL Agriculture	7	100	\$377.00	285	\$104,665.00	\$166,725.00
NNN Agriculture	29	27	\$384.00	312	\$115,033.00	\$182,520.00
WWW Agriculture	65	160	\$397.00	472	\$178,553.00	\$276,120.00
QQQ Agriculture	18	27	\$402.00	499	\$189,407.00	\$291,915.00
LLL Agriculture	26	27	\$403.00	526	\$200,288.00	\$307,710.00
CCC Agriculture	21	100	\$413.00	626	\$241,588.00	\$366,210.00
XYX Dairy	41	100	\$413.00	726	\$282,888.00	\$424,710.00
AAAA Workshop	61	15	\$425.00	741	\$289,263.00	\$433,485.00
BBB Farming	23	120	\$433.00	861	\$341,223.00	\$503,685.00
LLL Agriculture	37	100	\$434.00	961	\$384,623.00	\$562,185.00
BBB Farming	56	160	\$449.00	1121	\$456,463.00	\$655,785.00
WWW Agriculture	57	120	\$455.00	1241	\$511,063.00	\$725,985.00



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LLL Agriculture	26	27	\$403.00	526	\$200,288.00	\$307,710.00
CCC Agriculture	21	100	\$413.00	626	\$241,588.00	\$366,210.00
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Example Reverse Auction

Example Target:
3,200 acres

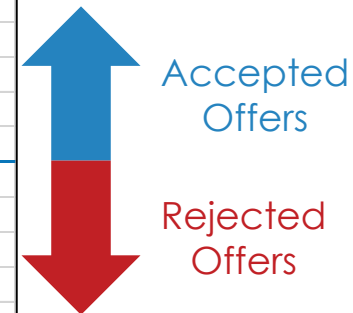
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BBB Farming	56	160	\$449.00	1121	\$456,463.00	\$655,785.00
WWW Agriculture	57	120	\$455.00	1241	\$511,063.00	\$725,985.00
BBB Farming	51	40	\$455.00	1281	\$529,263.00	\$749,385.00
LLL Agriculture	30	100	\$460.00	1381	\$575,263.00	\$807,885.00
NNN Agriculture	2	160	\$462.00	1541	\$649,183.00	\$901,485.00
CCC Agriculture	69	80	\$477.00	1621	\$687,343.00	\$948,285.00
NNN Agriculture	60	100	\$478.00	1721	\$735,143.00	\$1,006,785.00
WWW Agriculture	35	120	\$481.00	1841	\$792,863.00	\$1,076,985.00
ZZZ Agriculture	8	160	\$491.00	2001	\$871,423.00	\$1,170,585.00
CCC Agriculture	22	100	\$491.00	2101	\$920,523.00	\$1,229,085.00
YXX Dairy	20	27	\$502.00	2128	\$934,077.00	\$1,244,880.00
QQQ Agriculture	47	100	\$506.00	2228	\$984,677.00	\$1,303,380.00
ZZZ Agriculture	54	100	\$515.00	2328	\$1,036,177.00	\$1,361,880.00
WWW Agriculture	38	40	\$533.00	2368	\$1,057,497.00	\$1,385,280.00
CCC Agriculture	43	120	\$537.00	2488	\$1,121,937.00	\$1,455,480.00
AAA Farms	4	40	\$544.00	2528	\$1,143,697.00	\$1,478,880.00
WWW Agriculture	32	120	\$547.00	2648	\$1,209,337.00	\$1,549,080.00
LLL Agriculture	36	160	\$549.00	2808	\$1,297,177.00	\$1,642,680.00
QQQ Agriculture	55	120	\$551.00	2928	\$1,363,297.00	\$1,712,880.00
YXX Dairy	62	120	\$565.00	3048	\$1,431,097.00	\$1,783,080.00
WWW Agriculture	67	5	\$569.00	3053	\$1,433,942.00	\$1,786,005.00
AAA Farms	10	80	\$577.00	3133	\$1,480,102.00	\$1,832,805.00
ZZZ Agriculture	15	27	\$580.00	3133	\$1,495,762.00	\$1,848,600.00
WWW Agriculture	53	100	\$585.00	3260	\$1,554,262.00	\$1,907,100.00
YXX Dairy	40	5	\$591.00	3265		
NNN Agriculture	19	5	\$592.00	3270		
LLL Agriculture	64	100	\$594.00	3370		

Example Reverse Auction

Example Target:
3,200 acres

Landowner Name	ParcelField ID	ParcelField Acres	Bid (\$/acre)	Total Acres Contracted	Standard	Modified
ZZZ Agriculture	33	5	\$357.00	5	\$1,785.00	\$2,925.00
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YXX Dairy	40	5	\$591.00	3265		
NNN Agriculture	19	5	\$592.00	3270		
LLL Agriculture	64	100	\$594.00	3370		
QQQ Agriculture	24	100	\$596.00	3470		
QQQ Agriculture	44	80	\$616.00	3550		



Example Reverse Auction

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BBB Farming	56	160	\$449.00	1121	\$456,463.00	\$655,785.00
WWW Agriculture	57	120	\$455.00	1241	\$511,063.00	\$725,985.00
BBB Farming	51	40	\$455.00	1281	\$529,263.00	\$749,385.00
LLL Agriculture	30	100	\$460.00	1381	\$575,263.00	\$807,885.00
NNN Agriculture	2	160	\$462.00	1541	\$649,183.00	\$901,485.00
CCC Agriculture	69	80	\$477.00	1621	\$687,343.00	\$948,285.00
NNN Agriculture	60	100	\$478.00	1721	\$735,143.00	\$1,006,785.00
WWW Agriculture	35	120	\$481.00	1841	\$792,863.00	\$1,076,985.00
ZZZ Agriculture	8	160	\$491.00	2001	\$871,423.00	\$1,170,585.00

Landowner Name	ParcelField ID	ParcelField Acres	Bid (\$/acre)	Total Acres Contracted	Standard	Modified
LLL Agriculture	36	160	\$549.00	2808	\$1,297,177.00	\$1,642,680.00
QQQ Agriculture	55	120	\$551.00	2928	\$1,363,297.00	\$1,712,880.00
YXX Dairy	62	120	\$565.00	3048	\$1,431,097.00	\$1,783,080.00
WWW Agriculture	67	5	\$569.00	3053	\$1,433,942.00	\$1,786,005.00
AAA Farms	10	80	\$577.00	3133	\$1,480,102.00	\$1,832,805.00
ZZZ Agriculture	15	27	\$580.00	3160	\$1,485,742.00	\$1,848,400.00
WWW Agriculture	53	100	\$585.00	3260	\$1,554,262.00	\$1,907,100.00
YXX Dairy	40	5	\$591.00	3265	\$1,585,742.00	\$1,948,400.00
NNN Agriculture	19	5	\$592.00	3270	\$1,586,000.00	\$1,950,000.00
LLL Agriculture	64	100	\$594.00	3370	\$1,588,000.00	\$1,960,000.00
QQQ Agriculture	24	100	\$596.00	3470	\$1,592,000.00	\$1,970,000.00
QQQ Agriculture	44	80	\$616.00	3550	\$1,612,800.00	\$2,019,200.00



Example Reverse Auction

- In this hypothetical example, to contract 3,200 acres:
 - **Max accepted offer: \$585/acre**
 - **Standard RA: \$1.554 million**
 - **Modified RA: \$1.907 million**

Total Acres Contracted	Standard	Modified
3133	\$1,480,102.00	\$1,832,805.00
3160	\$1,485,710.00	\$1,840,000.00
3260	\$1,554,262.00	\$1,907,100.00
3265		
3270		
3370		



Interactive Demonstration: Reverse Auction

Your Turn: Example Reverse Auction

- We mixed your offers with the synthetic data
- In this hypothetical example, we will contract **4,500 acres**

Your Turn: Example Reverse Auction

- How many of your offers were accepted?
- What was the maximum offer price accepted?
- What was the total cost?
 - **Standard RA:**
 - **Modified RA:**

Recap and Lessons Learned

- Reverse auctions order by price and accept the most competitive (lowest) offers first
- Pros and cons to auction designs
 - **Modified RA:** Single price, higher program cost
 - **Standard RA:** Multiple prices, lowest program cost
- Program costs increase with the size of the program
 - Higher payments are needed to incentivize pulling out more productive land



Next Steps

Feedback and Interest Form

- **Workshop Feedback**
 - Using the link in the chat, please send your feedback on this workshop
- **Interested in Land Repurposing?**
 - Navigate to the County website to be notified of when applications open: maderacountywater.com/land-repurposing



Madera County
Water & Natural Resources

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Land Repurposing

Land Repurposing

Interested in Land Repurposing? Click [here](#) and we will let you know when the application period is open.

With overdraft for Madera County as a whole estimated at 260,000 acre-feet per year with the 2015 crop mix, the County has been referred to as “ground zero” for the Sustainable Groundwater Management Act (SGMA). As one of several demand management actions, the County is implementing a Voluntary Land Repurposing

How is the Program Implemented?

- Receive feedback from this workshop
 - Continue to develop program implementation
 - Program adoption would be subject to development of contracts and ordinances with appropriate Board of Supervisors approval
- Targeting implementation for the 2023 year
- Upcoming opportunities for input
 - Brief progress update to Board of Supervisors at the November 2022 meeting
 - Next workshop TBD